

**VOLUNTARY CLEANUP CONTRACT
09-5606-NRP**

**IN THE MATTER OF
A PORTION OF THE ROCK HILL BODY SHOP SITE, YORK COUNTY
and
COTTON MILL VILLAGE I, LP**

This Contract is entered into by the South Carolina Department of Health and Environmental Control and Cotton Mill Village I, LP with respect to the Property located at 615 West Main Street, Rock Hill, South Carolina. The Property includes approximately 7.84 acres identified as a portion of York County Tax Map Serial Number 598-090-1001 and the entirety of TMS# 598-090-1012. In entering this Contract, the Department relies on the representations of the "Information and Certification" of August 14, 2009, by Cotton Mill Village I, LP, which is incorporated into this Contract and attached as Appendix A. Boundary Survey Parcels 1, 2 and 3 Cotton Mill Village (Civil Engineering of Columbia, August 21, 2009) was submitted on August 26, 2009, as Drawing 1 entitled Parcel Boundary.

AUTHORITY

This contract is entered pursuant to the Brownfields/Voluntary Cleanup Program, S.C. Code § 44-56-710-760, as amended on June 11, 2008; the South Carolina Hazardous Waste Management Act (HWMA), S.C. Code Ann. § 44-56-10, et. seq., and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. §§ 9601, et seq.

DEFINITIONS

1. Unless otherwise expressly provided in this Contract, terms used in this Contract shall have the meaning assigned to them pursuant to the Brownfields/Voluntary Cleanup Program, S.C. Code § 44-56-710-760, as amended on June 11, 2008, and if not set forth therein, shall have the meaning assigned to them pursuant to the South Carolina Hazardous Waste Management Act, S.C. Code Ann: § 44-56-10, et. seq., the S.C.

Pollution Control Act, S.C. Code Ann. § 48-1-10, et. seq., the S.C. State Underground Petroleum Environmental Response Bank Act, S. C. Code Ann. § 44-2-10, et. seq., or the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. §§ 9601, et seq.

- A. "CMVI" means Cotton Mill Village I, LP.
- B. "Beneficiaries" means CMVI's Non-Responsible Party lenders, parents, managers, members, employees, subsidiaries, assigns and successors, including new purchasers, lessees, heirs, devisees, and other parties acquiring an interest in any portion of the Property, but only to the extent that such parties have never been a Responsible Party at the Site.
- C. "Contamination" means the presence of a contaminant, hazardous substance, petroleum, or petroleum product.
- D. "Contract" means this Voluntary Cleanup Contract.
- E. "Department" means the South Carolina Department of Health and Environmental Control, or a successor agency of the State of South Carolina that has responsibility for and jurisdiction over the subject matter of this Contract.
- F. "Existing Contamination" shall mean any contamination including pollutants or contaminants, petroleum or petroleum products, or hazardous substances present on, or under, the Site as of the execution date of this Contract, including all areas where a pollutant or contaminant, petroleum, or petroleum product has been released, deposited, stored, disposed, placed, or otherwise come to be located.
- G. "Property" means the real property as described in the Information and Certification, which is attached as Appendix A, and that is subject to the ownership, prospective ownership, or possessory or contractual interest of CMVI. The Property is further

identified as Parcel 1 (approximately 4.94 acres) and Parcel 2 (approximately 2.90 acres) on the Parcel Boundary Drawing 1 (Civil Engineering of Columbia, August 21, 2009) prepared for Connelly Development, LLC. The Property is bounded generally by Hardin Street to the northwest; West Main Street to the northeast; Lower Fishing Creek and residential properties beyond to the southeast fronting Wylie Street; and Finley Road / Allen Street to the south.

- H. "Receptor" means an individual that is presently or potentially exposed to contamination
- I. "Segregated Sources" means drums, tanks, or similar discrete containers that potentially hold substances that may cause contamination upon release to the environment.
- J. "Waste Materials" means any contamination-causing solid, semi-solid, or liquid material discarded, buried, or otherwise present on the Property, and may include sludge, slag, or solid waste materials such as empty containers and demolition debris or materials containing asbestos, lead-based paint, or petroleum or other contaminants.

FINDINGS

- 2. Based on the information known by the Department, the following are asserted for this Contract:

- A. Owners and Operators: The historical owners and operators of the Property are as follows:

TMS # 598-090-1001

Harris Manufacturing Company

Circa 1900 to unknown

Victoria Yarn Mill #2

Unknown to 1920s

Rock Hill Body Company (J. C. Hardin)

Circa 1936 to Oct. 29, 2003

Daddy Rabbit, LLC c/o James C. Hardin, III (tenants)	Oct. 29, 2003 - Present
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TMS # 598-090-1012 created from 598-090-1004

William B. Rauch, Et Al	Unknown to Apr. 8, 1974
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Duke Power Company	Apr. 8, 1974 to Oct. 2003
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Daddy Rabbit, LLC c/o James C. Hardin	Oct. 29, 2003 - Present
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B. Property and Surrounding Areas:

The western portion of TMS #598-090-1001 was developed around 1900. According to the 1916 Sanborn Fire Insurance map, the main building was erected for manufacture of course yarn and the Victoria Yarn Shop #2 operated as a cotton mill. The mill operated until the Great Depression and closed circa 1929 -1932. In 1936, Rock Hill Body began manufacturing truck bodies on this Property. Operations included fabrication and painting of steel truck bodies. Operations ceased in 1987. Since that time various tenants have occupied the three buildings for storage of salvaged/dry goods, a generator repair operation, steel and metal fabrication, and office space.

There are three buildings and a mobile home, used as an office, on the western portion of TMS #598-090-1001. The eastern portion of this parcel has not been developed. There has been no development on TMS #598-090-1012 (formerly – 1004). Lower Fishing Creek (also known as Wildcat Creek or Watson's Branch) runs the full length of the eastern portion separating the Property from the adjacent residences. This creek is approximately 120 feet southeast of the buildings and at an elevation nearly 20 feet less than the developed portion of the Property.

In 2008, the main building was listed on the National Registry of Historic Places due to the Property's association with events that have made for a significant contribution to the broad patterns of history in the textile and automotive industries.

C. Investigations / Reports:

A Site Assessment Report (MACTEC, December 2005) was prepared for the US EPA on behalf of The City of Rock Hill Department of Economic and Urban Development. Surface and subsurface soils and groundwater were evaluated. The assessment focused on the developed portion of the Property and included the following: underground storage tank (UST) and dispenser area; former degreasing area; paint rooms; etched concrete pavement; former above ground fuel oil tank (AST); generator repair area; metal fabrication area; former coal storage area; and areas where empty paint cans and drums of tar and water were found. Results of the assessment indicated that chromium and lead were detected in surface soil at the UST/dispenser area at concentrations that exceeded the preliminary remediation goals (PRGs) for industrial soils as listed on the EPA Region IX PRG Table. MW-1 was installed in the area of the UST and dispenser. Chromium and lead were detected in groundwater from MW-1 at concentrations that exceeded their respective maximum concentration limit or action level (MCUAL). The Department's review concluded that a release to both soil and groundwater had occurred in the UST/Dispenser area. Although this contamination may not be attributable to the UST/dispenser, the Department stated that prior to redevelopment, the UST, the debris and the containers and stored goods must be removed. The review further stated that the extent of contamination found in the area of the UST must be delineated and surface soils should be excavated. The Department agreed with MACTEC's recommendation to monitor groundwater annually.

A Phase I Environmental Site Assessment (GS2 Engineering and Environmental Consultants, Inc, February 2009) prepared for Connelly Development, LLC was submitted as part of the Information and Certification for this Contract. The Phase I states that a thorough inspection of the Property could not be conducted due to the large amount of debris and inaccessibility to the interior of the buildings. This Phase I identified the following recognized environmental conditions: potential UST(s); previously identified soil and groundwater contamination; potential contamination from former and current operations; onsite storage of potentially hazardous materials.

A Preliminary Site Assessment was conducted by GS2 Engineering and Environmental Consultants, Inc. during November 2009 on behalf of Connelly Development, LLC prior to CMVI's execution of this Contract and prior to transfer of ownership to CMVI. The assessment was conducted under Department oversight and may fulfill some of the requirements of the Response Action outlined in this Contract.

- D. Party Identification: CMVI is a South Carolina Limited Partnership with its principal place of business located at 5530 Bush River Road, Columbia, South Carolina 29212. Cotton Mill Village, LLC is the General Partner for CMVI. CMVI certifies it is financially viable to meet obligations under the Contract.
- E. Proposed Redevelopment: CMVI will acquire the Property and intends to redevelop Parcel 1 of the Property for apartment and detached rental units. The main historic building will be retained and redeveloped into twenty-one apartment units. The two auxiliary buildings will be razed and the mobile home will be removed to make way for eighteen detached rental units. Open green space is also proposed. CMVI has received an award of 4% and 9% Federal Low-Income Housing Tax Credits and HOME program HUD funds. CMVI has applied for Federal and State Historic Tax Credits and may receive State Textile Mill Tax Credits or an Affordable Housing

program grant. CMVI intends to convey Parcel 2 of the Property to the City of Rock Hill Parks and Recreation.

BONA FIDE PROSPECTIVE PURCHASER STATUS

3. CMVI certifies that it and its members are Non-Responsible Parties at the Site and have made all reasonable efforts to qualify as a Bona Fide Prospective Purchaser for the Property.

RESPONSE ACTION

4. CMVI agrees to conduct the response actions specified in the sub-paragraphs below. An initial Work Plan shall be submitted by CMVI, or its designee, within thirty days of the execution date of this Contract, or later date if approved by the Department's project manager, setting forth methods and schedules for response actions detailed herein. CMVI acknowledges that the response actions may find distributions of existing contamination requiring additional assessment or corrective actions on the Property that cannot be anticipated with this Contract. CMVI agrees to perform the additional response actions to the extent this Contract is amended. CMVI shall perform all response actions, whether of CMVI's choosing or expressly required by this Contract, pursuant to Work Plans and/or Addenda approved by the Department.

A. Work Plan Logistics:

- 1). All activities undertaken pursuant to this Contract shall be consistent with S.C. statutes and permitting requirements (e.g., stormwater management and waste disposal regulations). CMVI shall identify and obtain the applicable permits before beginning any action.
- 2). The Work Plan and all associated reports shall be in accordance with accepted industry standards and shall be signed and sealed by a Professional Engineer or Professional Geologist duly-licensed in South Carolina.

- 3) The Work Plan(s) shall provide sufficient information about the proposed sampling points, collection methods, analytical methods, and other pertinent details of the response actions.
 - a). Sample collection methodologies shall be consistent with the US EPA Region IV Field Branches Quality System and Technical Procedures.
 - b). All monitoring wells and groundwater sampling points shall be constructed in accordance with the South Carolina Well Standards R.61-71. The Work Plan shall provide sufficient detail to support issuance of the well approvals.
 - c) The laboratory analyses shall be as required in the media-specific subparagraphs below, but may include: 1) the full EPA-TAL (Target Analyte List); 2) the full EPA-TCL (Target Compound List); 3) the TAL-Metals (EPATAL without Cyanide); 4) SVOCs (EPA-TCL Semi-Volatile Organics); 5) VOCs (EPA-TCL Volatile Organic Compounds); 6) BTEX (Benzene, Toluene, Ethylbenzene and Xylenes); or 7) PCBs (Polychlorinated biphenyls).
 - d). All analytical methods shall use appropriate detection levels to allow comparison to the media-specific screening criteria listed in the "EPA Regional Screening Levels for Chemical Contaminants at Superfund Sites" in effect at the time of sampling. The applicable Protection of Groundwater SSL (Soil Screening Level) for a compound shall be the "IVICL-Based SSL" if listed.
- 4). The Work Plan shall include the names, addresses, and telephone numbers of CMVI's consulting firm(s), analytical laboratories, and CMVI's contact person for matters relating to this Contract.
 - a). The analytical laboratory shall possess applicable Certification, as per South Carolina R.61-81, for the test methods to be used during this assessment.

- b). CMVI shall notify the Department in writing of changes in the contractor or laboratory.
- 5). The Department will notify CMVI in writing of approvals or deficiencies in the Work Plan.
- 6). CMVI, or its designee, shall respond in writing within thirty days to the Department's comments with regards to deficiencies.
- 7). CMVI shall implement the Work Plan upon written approval from the Department.
- 8). CMVI shall inform the Department at least five (5) working days in advance of all field activities, and shall allow the Department, or its authorized representatives, to take duplicates of any samples if desired.
- 9). CMVI shall preserve items that may: 1) provide evidence of a Potentially Responsible Party's involvement at the site; 2) lead to the discovery of other areas of contamination; or 3) contain environmental information. Such items may include drums, bottles, labels, business and operating records, contracts, Site studies, investigations, and other physical or written materials relating to the Site. CMVI shall notify the Department of the location of any such items, and provide the Department with an opportunity to inspect any materials or copy any documents at the Department's expense prior to destruction of said items.

B. Assess Waste Materials and Segregated Sources:

- 1). CMVI shall assess Waste Materials and Segregated Sources upon their discovery on the Property at any time during assessment, corrective action, or development activities.
- 2). CMVI's assessment shall include characterization of the contaminant concentrations, and an estimation of the quantity or extent of each type of Waste Material or Segregated Source, as applicable.

- 3). CMVI shall expeditiously stabilize or remove from the Property any Segregated Source that has not yet released all contents to the environment upon discovery.
- 4). CMVI shall notify the Department if a release of contamination occurs as a result of its assessment, stabilization or removal actions. CMVI shall assess the impact of the release and take necessary action in accordance with a Department approved plan.

C. Abandon UST

CMVI shall permanently close the underground storage tank(s) (USTs), if located, in accordance with the Department's UST Program guidance document, Underground Storage Tank Assessment Guidelines, which can be found at <http://www.sdhec.gov/environment/lwm/forms/ustguide.pdf>. The closure report should be submitted to the Department within 60 days of permanent closure.

D. Assess soil quality across the Property:

- 1). CMVI shall collect and analyze soil samples from locations on the developed portion of the Property. CMVI shall collect a minimum of one surface soil sample (0-1 foot below ground surface) and a minimum of one subsurface soil sample (2 foot minimum depth) at each location unless specified otherwise, as follows:
 - a). Underground Storage Tank/Dispenser Area — minimum of three locations to delineate impact of metals to surface soil;
 - b). Former Fuel Oil Above Ground Storage Tank / Boiler Room Area
 - c). Paint Can Area
 - d). Beneath the concrete slab of the wood-framed building (paint rooms);
 - e). Beneath the concrete slab of the metal pre-fabricated building;

- f). All areas of significant soil staining.
- 2). Samples collected beneath existing slabs should be collected following removal of the slab but prior to regrading of the Property.
- 3). The surface soil samples shall be analyzed for TAL-Metals and SVOCs. The subsurface samples shall be analyzed for TAL-Metals, VOCs and SVOCs. A minimum of 20% of surface and 20% of subsurface samples from probable impacted areas shall be analyzed for the full EPA-TAL and EPA-TCL.
- 4). Soil quality results shall be compared to the Residential and Industrial Screening Levels and to the applicable Protection of Groundwater SSL.

E. Assess groundwater quality:

- 1). CMVI shall determine groundwater quality and the direction of groundwater flow from a minimum of three sampling locations. Assessment may include samples from existing permanent monitoring wells identified as MW-1, MW-2 and MW-3 (if it can be located). CMVI must ensure the integrity of each well and redevelop the wells prior to collecting groundwater samples.
- 2). CMVI shall install a permanent monitoring well(s) in the event that the integrity of the previously installed well(s) is questionable and/or the well(s) cannot be located.
- 3). Samples from MW-1, located in the UST area, shall be analyzed for the full TAUTGL parameter list. Samples from the other two wells shall be analyzed for TAL- Metals, VOCs and SVOCs.
- 4). Groundwater quality results shall be compared to standards in the South Carolina State Primary Drinking Water Regulations, R.61-58, and to the Regional Screening Tables values for "Tapwater", if not specified in R.61-58.

F. Assess Sediment and Surface water quality:

- 1). CMVI shall collect and analyze three sediment and three water samples from Lower Fishing Creek on the Property. The samples shall be collected as: One sediment and corresponding water sample at the point where the Creek enters the Property; one sediment and corresponding water sample from the Creek before it leaves the Property; and at one location midway between Main St. W and Finley Rd/Allen Street.
- 2). All surface water and sediment samples shall be analyzed for the TAL-Metals, VOCs, and SVOCs. Sediment samples shall also be analyzed for PCBs.
- 3). Surface water quality results shall be compared to the values in the SC Water Classifications and Standards, R.61-68, based on consumption of either “water and organisms” or “organisms only” as applicable for the water body. Sediment samples shall be compared to the Ecological Screening Values in EPA Region 4 Ecological Risk Assessment — Supplement to RAGS.
- 4). The collection and analysis of surface water and sediment samples will be a one-time event unless activities at the former Rock Hill Body Shop Site are indicated to be a source of surface water and/or sediment impact. In the event that the Former Rock Hill Body Shop Site is indicated to have contributed to surface water and/or sediment impact, CMVI will take reasonable measures to limit or prevent exposure to existing contamination on the Property.

G. Evaluate and control potential impacts to indoor air:

- 1). CMVI shall evaluate potential impacts to indoor air if the Department determines significant concentrations of volatile organic compounds are present in the subsurface. The Department will use a modified Johnson and Ettinger Model to determine “Significant concentrations” based on representative soil and/or groundwater quality results reflective of the Property. The model will be constrained towards predicting residential exposures

consistent with the main historic building's construction and the residential construction proposed for the Property.

- a). CMVI's evaluation shall, unless otherwise agreed to by the Department, consist of collection and analysis of one soil gas sample per every 1000 square feet of proposed building footprint to be constructed in areas of probable Vapor Intrusion. Soil gas samples shall be analyzed for all site related volatile compounds by appropriate methods capable of detecting soil gas concentrations at screening levels indicative of a 10^{-6} risk for shallow gas samples (using an depth-appropriate attenuation factor). The applicable screening concentrations shall be based upon the EPA DSWER "Draft Guidance for Evaluating the Vapor Intrusion to Indoor Air Pathway from Groundwater and Soils" or supplemental EPA guidance.
- b). CMVI's evaluation shall, unless otherwise agreed to by the Department, consist of collection and analysis of indoor air samples from within the main historic building during two separate sampling events approximately six months apart. One sample shall be collected per every 1000 square feet of building footprint (including the basement areas) potentially subject to Vapor Intrusion. One sampling event shall be in the winter. Each sampling event shall include collection of indoor air samples for laboratory analysis of all site-related volatile organic constituents. The samples collected for laboratory analysis may use either active or passive collection methods provided the same protocol is used for both sampling events. The method shall be capable of detecting gas concentrations at screening levels indicative of a 10^{-6} risk. The applicable screening concentrations shall be based upon the EPA OSWER "Draft Guidance for Evaluating the Vapor Intrusion to Indoor Air Pathway from Groundwater and Soils" or supplemental EPA guidance.

- 2). The Department may allow CMVI to implement Vapor Intrusion control measures in lieu of the above evaluation, or use alternative evaluation methods that, in the Department's sole discretion, offer a similar degree of data usability.
- 3). CMVI shall submit an addendum to the Work Plan detailing the steps for further study and/or remedial or other control management measures to be implemented if the measured and/or predicted indoor air concentration exceeds a 10⁻⁶ risk calculated for residential exposure. The Department shall give reasonable consideration of data or other demonstration that shows unacceptable exposures inside the building do not result from the subsurface conditions.

H. Institute reasonable contamination control measures:

CMVI shall take reasonable measures to limit or prevent exposure to existing contamination on the Property:

- 1). Measures shall be required for Waste Materials and contaminated media with concentrations in excess of appropriate risk-based exposure screening levels via plausibly complete routes of exposure. The measures may include removal, encapsulation, barriers, or other methods reasonably expected to limit human exposures to the contamination.
 - i. The measures shall be approved by the Department prior to implementation, and shall be consistent with the intended future use of the Property.
 - ii. CMVI shall provide appropriate documentation to demonstrate satisfactory completion of the control measures for Department review and approval prior to obtaining a Certificate of Completion.
- 2). CMVI shall remove from the Property any Segregated Sources and Waste Materials that have not yet released all contents to the environment.

- i. The Waste Materials and contents of the Segregated Sources shall be properly reused or disposed of in accordance with regulations.
- ii. CMVI shall document the characterization and ultimate disposition of the materials to the Department within sixty (60) days of removal of any material from the Property.

I. Monitor and/or abandon the monitoring wells:

- 1). CMVI shall implement a groundwater-monitoring program if required by the Department. Continued monitoring requirements will be based on the Department's determination of potential adverse effects on nearby receptors. The Department will determine the frequency and duration of the monitoring program on a case-specific basis.
- 2). CMVI shall abandon the monitoring well(s) when the Department determines there are no further needs for wells. The wells shall be abandoned in accordance with R.61-71 of the South Carolina Well Standards.

HEALTH AND SAFETY PLAN

5. CMVI shall prepare and submit under separate cover from the Work Plan, a Health and Safety Plan consistent with Occupational Safety and Health Administration regulations. CMVI agrees that the Health and Safety plan is submitted to the Department only for informational purposes. The Department expressly disclaims any liability that may result from implementation of the Health and Safety Plan by CMVI.

PUBLIC PARTICIPATION

6. CMVI and the Department will foster public participation to implement this Contract as follows:

- A. The Department will seek public comment and initiate a thirty-day claim contribution notification period in accordance with established procedures consistent with S.C. statutes upon signature of this Contract by CMVI.
- B. CMVI shall erect a sign at major entrances onto the Property or other locations routinely accessible by the public. The sign(s) shall be erected within one day of the Department's public announcement about the Contract in a newspaper of general circulation in the community.
- 1). The sign will state "Voluntary Cleanup Project by CMVI under Voluntary Cleanup Contract 09-5606-NRP with the South Carolina Department of Health and Environmental Control." The sign shall provide a brief description of the scope of activities under the Contract, and contact information, including telephone number and address, for a representative of CMVI. Contact information for the Department shall state "TOLL-FREE TELEPHONE: 1-866-576-3432".
 - 2). All sign lettering must be of sufficient size to be legible with un-aided normal eyesight from the point where the public will normally pass by the site without intruding onto the Property.
 - 3). CMVI shall submit photographs of the sign and a Property drawing showing the location(s) of the signs. The photographs shall be submitted to the Department within 10 days of erecting the sign.
 - 4). CMVI agrees to revise the sign if the Department determines the sign is inaccurate, not legible, or otherwise ineffectively placed.
 - 5). CMVI shall maintain the sign(s) in legible condition and at visible locations throughout the duration of the contract period until a Certificate of Completion is issued on the Property.
 - 6). The sign(s) may be removed to accommodate building or grading activities; however, CMVI shall restore the sign within two days to its original location, or other publicly accessible location upon notice to the Department.

PROGRESS UPDATES

7. CMVI shall submit periodic written updates to the Department's project manager until such time as all activities are complete pursuant to this Contract. The first update shall be due within ninety days of Work Plan approval and semi-annually thereafter.
 - A. The updates may be in summary letter format, but should include information about:
 - 1). The actions taken under this Contract during the previous reporting period;
 - 2). Actions scheduled to be taken in the next reporting period;
 - 3). Sampling, test results, and any other data in summary form, generated during the previous reporting period regardless of whether the data was collected pursuant to this Contract; and,
 - 4). A description of any environmental problems experienced during the previous reporting period and the actions taken to resolve them.
 - B. The Department's project manager may allow an extended schedule between updates based on site-specific conditions.

SCHEDULE

8. Except in the case of events beyond the reasonable control of CMVI, CMVI shall perform all activities and response actions pursuant to this Contract in an expeditious manner. In the event that circumstances dictate a delay in implementation of the response actions, the Department may require implementation of interim measures to stabilize the contamination or prevent unacceptable exposures. CMVI shall implement the interim measures in accordance with a Department-approved plan.

DECLARATION OF COVENANTS AND RESTRICTIONS

9. CMVI or its Beneficiaries shall enter, and record, a Declaration of Covenants and Restrictions (Covenant) for the Property after completing the response actions pursuant to this Contract. The Covenant will include provisions for maintenance of the

main historic building as a protective barrier and will prohibit the use of groundwater for drinking or for irrigation. The recorded Covenant shall be incorporated into this contract as an Appendix and shall be implemented as follows:

- A. The Department shall prepare and sign the Covenant prior to providing it to CIVIVI. An authorized representative of CMVI or its Beneficiaries shall sign the Covenant within ten days of receipt. All signatures shall be witnessed, and signed and sealed by a notary public.
- B. CMVI or its Beneficiaries shall file the executed Covenant with the Registrar of Deeds for York County, where the Property is located.
- C. CMVI or its Beneficiaries shall provide a copy of the recorded Covenant to the Department within sixty days of the Department's execution. The copy shall show the date and Book and Page number where the Covenant has been recorded.
- D. In the event that contamination exceeds residential standards on a portion of the Property, CMVI or its Beneficiaries may create a new parcel that will be subject to the Covenant.
- E. The Covenant shall be recorded on the master deed of any residential development planned for the Property and noted, or referenced thereafter, on each individual deed of property subdivided from the Property and subject to the Covenant.
- F. The Covenant shall reserve a right of entry and inspection for CMVI or its Beneficiaries that may be transferred to another single individual or entity for purposes of compliance monitoring.
 - 1). CMVI or its Beneficiaries shall ensure that the restrictions established by the Covenant remain on any subdivided property.

2). CMVI or its Beneficiaries shall create a procedure to provide a single point of contact responsible for documenting current land use and compliance with the Covenant regardless of the Property's ownership status. The procedure shall be reviewed and approved by the Department before it is implemented.

G. CMVI or its Beneficiaries, or the individual or entity responsible for compliance monitoring, shall annually document the Property's land use and compliance with the Covenant to the Department. The report shall be submitted by May 31st in a manner and form prescribed by the Department.

H. The Department may amend the Covenant in response to changes in law, completion of remedial actions meeting the applicable standards in effect at the time, or if other circumstances of the Site change; however, said amendment shall not be applied retroactively unless expressly provided for in the enabling legislation. An amendment may strengthen, relax, or remove restrictions based on the Regional Screening Tables in effect at that time; however, the Department shall not impose a more restrictive condition based solely on changes in the Regional Screening Tables. An amendment shall be duly executed and recorded with the county using procedures similar to those detailed above.

NOTIFICATION

10. All correspondence required to be given by either party to the other shall be in writing. Each party shall have a continuing obligation to identify a contact person, whose name, address, and telephone number must be updated to the other party, throughout the term of the contract. Notices by electronic mail or facsimile shall be acceptable if acknowledged in writing by the recipient; with the delivery date being the date of acknowledgment or earlier date if stated in the acknowledgment. All other forms of correspondence shall be deemed sufficiently given if delivered at the address shown below, or at such place or to such agent as the parties may from time to time

designate in writing, by: 1) regular U.S. Mail; 2) Certified or Registered Mail; 3) Commercial delivery service company; or, 4) hand delivery to the other party.

- A. All correspondence to the Department including two hardcopies of all Work Plans and reports, and one hardcopy of the Health and Safety Plan should be submitted to:

Jo Cherie Overcash
Bureau of Land and Waste Management
2600 Bull Street
Columbia, South Carolina 29201

- B. CMVI's designated contact person as of the effective date of this contract shall be:

David Christmas
Connelly Development, LLC
5530 Bush River Road
Columbia, South Carolina 29212

FINANCIAL REIMBURSEMENT

11. CMVI or its Beneficiaries shall reimburse the Department for its public participation costs and for oversight costs of activities specific to this Contract as provided by S.C. statutes. The oversight costs shall include the direct and indirect costs incurred by the Department in implementing the Voluntary Cleanup Program as related to this Contract, and any future amendments thereof, and may include costs incurred by the Department prior to execution of this Contract. Invoices for oversight costs will be sent to CMVI on a quarterly basis. All costs are payable within thirty days of the Department's invoice submitted to:

David Christmas
Connelly Development, LLC
5530 Bush River Road

ACCESS TO THE PROPERTY

12. CMVI agrees the Department has an irrevocable right of access to the Property after CMVI acquires the Property. This right of access remains until such time as remediation is accomplished for unrestricted use and monitoring is no longer required, and shall extend to the Department's authorized representatives and all other persons performing response actions on the Property under the Department's oversight.

CERTIFICATE OF COMPLETION AND COVENANT NOT TO SUE

13. A Certificate of Completion will be issued on the Property as follows:

- A. CMVI shall request a Certificate of Completion after the response actions are completed and any required Covenants are recorded pursuant to this Contract. The request shall be in writing and shall report 1) the amount of soil that was removed or remediated on the Property; and 2) the cost of all environmental work conducted pursuant to this Contract.
- B. The Department will issue the Certificate of Completion with its covenant not to sue upon determining that CMVI has successfully and completely complied with the Contract.
- C. The Department may issue a Provisional Certificate of Completion if the substantive response actions are complete but all activities on the Property cannot be completed due to site-specific circumstances.
 - 1). A Provisional Certificate of Completion will include specific performance standards that CMVI or its Beneficiaries shall continue to meet.
 - 2). The Provisional Certificate of Completion may include the Department's covenant not to sue for Existing Contamination; however, said covenant shall

be automatically revoked if CMVI or its Beneficiaries do not satisfactorily complete the requirements of the Contract.

ECONOMIC BENEFITS REPORTING

14. CMVI or its Beneficiaries shall report information to the Department that demonstrates that the activities pursuant to this Contract have been beneficial to the State and community. The report shall be submitted within two years after the execution date of this Contract, and annually until two years after redevelopment of the Property is complete. CMVI shall summarize the new operations at the Property, the number of jobs created, the amount of increase to the tax base, and the total amount invested in the site for property acquisition and capital improvements.

TRANSFER OF CONTRACT

15. The terms and conditions of this Contract apply to and inure to the benefit of the Department, CMVI, and its Beneficiaries. The following stipulations apply to ensure the transition of all responsibilities and benefits to successive Beneficiaries for any portion of the Property:

- A. CMVI or its Beneficiaries shall provide a copy of this Contract and applicable Appendices to any subsequent Beneficiary. Transmittal of the Contract copy may be via any commonly accepted mechanism.
- B. CMVI and its Beneficiaries shall not allow residential occupancy on any portion of the Property prior to obtaining the Certificate of Completion or a Provisional Certificate of Completion specific to that portion of the Property.
- C. If the Certificate of Completion has not been issued, CMVI or its Beneficiaries shall seek approval from the Department prior to assigning or transferring the protections and obligations of this Contract to a new individual or entity. The protections shall not inure to an individual or entity without the Department's

approval. The Department shall not unreasonably withhold its approval upon receipt of documentation from the new individual or entity showing it:

- 1). Is eligible to be a Bona Fide Prospective Purchaser for the Property;
- 2). Has sufficient resources to complete the activities of this Contract;
- 3). Will not use the Property for activities that are inconsistent with the terms and conditions of this Contract;
- 4). Will assume the protections and all obligations of this Contract and,
- 5). Will, in the Department's sole discretion, provide a measurable benefit to the State and the community as a result of this transfer.

D. If the Certificate of Completion has been issued and the portion of the Property is subject to a Covenant or other ongoing obligation pursuant to this Contract, CMVI or its Beneficiaries shall provide written notification to the Department identifying the new individual or entity within thirty days after the effective date of the ownership change or other possessory transfer of the Property.

- 1). The notification shall include a signed statement from the new individual or entity that its use of the Property will remain consistent with the terms of the Contract, and that it will assume the protections and ongoing obligation's of this Contract.
- 2). This requirement is waived for an individual or entity acquiring a portion of the Property for individual residential use provided the Covenant is recorded on the master deed for the residential development, and the Department has approved the procedure for a single point of contact responsible for documenting current land use and compliance with the Covenant.

E. If a Certificate of Completion has been issued and the Property is not subject to a Covenant or other continued obligation pursuant to this Contract, no notification is required.

CONTRACT TERMINATION

16. CMVI, its Beneficiaries, and the Department each reserve the right to unilaterally terminate this Contract by giving thirty days advance written notice to the other party.

Termination shall be subject to the following:

A. The Department may terminate this Contract only for cause and shall provide opportunity for CMVI or its Beneficiaries to correct causes of termination, which may include, but is not limited to, the following:

- 1). Failure to complete the terms of this Contract;
- 2). Change in CMVI's or its Beneficiaries' business activities on the Property or use of the Property that are inconsistent with the terms and conditions of this Contract;
- 3). Failure to submit timely payment for costs upon receipt of the Department's invoice;
- 4). Failure of CMVI or its Beneficiaries to implement appropriate response actions for additional contamination or releases caused by CMVI or its Beneficiaries, or
- 5). Providing the Department with false or incomplete information or knowing failure to disclose material information;
- 6). Failure by CMVI or its Beneficiaries to obtain the applicable permits from the Department for the response actions or other activities undertaken at the Property pursuant to this contract; or,
- 7). Failure by CMVI or its Beneficiaries to make material progress toward the expansion, redevelopment, or reuse of the property as determined by the Department upon consideration of CMVI's or its Beneficiaries' marketing efforts, regional economic conditions, and other pertinent information on the Property.

B. Should CMVI or its Beneficiaries elect to terminate, that party shall certify to the Department's satisfaction that any environmental or physical hazards created by CMVI or its Beneficiaries have been stabilized or mitigated such that the Property

does not pose hazards to human health or the environment that did not exist before the response actions identified in this Contract.

- C. Termination of this Contract by any party does not end the obligations of CMVI or its Beneficiaries to pay costs incurred by the Department pursuant to this Contract prior to the date that any such termination takes effect. Payment for such costs shall become immediately due.
- D. The protections provided to CMVI or its Beneficiaries shall be null and void as to any party who willfully or intentionally participated in actions giving rise to termination of the Contract. This shall apply to that party's lenders, parents, subsidiaries, members, managers, employees, assigns, and successors, including lessees, heirs, devisees, and other parties taking an interest in the Property through that party. The protections will continue for any other covered party who did not willfully or intentionally participate in the action giving rise to the termination.

ENTITLEMENT OF PROTECTIONS AND BENEFITS

17. CMVI and its Beneficiaries are entitled to the protections and benefits provided by S.C. statutes as follows:

- A. Effective on the date this Contract is first executed by the Department:
 - 1). Protection from CERCLA contribution claims.
 - 2). Protection from third-party claims for equitable relief or damages relating to "Existing Contamination" at the Site.
 - 3). Eligibility to file annual application for Voluntary Cleanup Activity Tax Credits pursuant to S.O Code § 12-6-3550.
- B. Effective on the date the Certificate of Completion is issued by the Department:

- 1). The Department's covenant not to sue CMVI and its Beneficiaries for Existing Contamination except for releases and consequences caused by CMVI or its Beneficiaries.
- 2). Specific tax credits or additional benefits expressly contingent in S.C. statutes on issuance of the Certificate of Completion.

C. These Protections and Benefits do not apply to any contamination, releases, and consequences caused by CMVI and its Beneficiaries. The Department retains all rights under State and Federal laws to compel CMVI and its Beneficiaries to perform or pay for response activity for contamination, releases and consequences created by CMVI or its Beneficiaries.

BANKRUPTCY

18. CMVI shall notify the Department by certified mail within ten (10) days of commencing a voluntary or involuntary proceeding in bankruptcy.

RESERVATION OF RIGHTS BY THE DEPARTMENT

19. Nothing in this Contract is intended to be, or shall be construed as, a release or covenant not to sue for any claim or cause of action, past or future, that the Department may have against any person, firm, or corporation other than CMVI and its Beneficiaries. The Department reserves the right to undertake future response actions at the Site and to seek to compel parties, other than CMVI and its Beneficiaries, to perform or pay for response actions at the Site. Nothing in this Contract shall in any way restrict or limit the nature or scope of response actions that may be taken or be required by the Department in exercising its authority under State and Federal law.

RESERVATION OF RIGHTS BY CMVI

20. CMVI retains all rights to assert claims in law or equity against any person, company, or entity with respect to the Property, except as limited elsewhere by this Contract.

CMVI and its Beneficiaries specifically deny responsibility for response costs or damages resulting from Existing Contamination except for contamination, releases, and consequences they cause or contribute to the Site. However, CMVI and its Beneficiaries agree to undertake the requirements of this Contract.

BURDEN OF PROOF

21. CMVI and its Beneficiaries shall have the continuing obligation to demonstrate that any newly discovered contamination is not attributable to CMVI or its Beneficiaries. CMVI and its Beneficiaries shall make this demonstration to the Department's satisfaction in accordance with State or Federal Law applicable to such newly discovered contamination. For purposes of this clause, newly discovered contamination means finding types of contamination not previously identified at the Site or substantially higher concentrations of Existing Contamination.

LIMITATION OF CLAIMS BY CMVI AND ITS BENEFICIARIES

22. In consideration of the protections from the Department, CMVI and its Beneficiaries agree not to assert any claims or causes of action against the Department or to seek other costs, damages, or attorney's fees from the Department arising out of activities undertaken at the Site. This limitation shall not extend to any claims or causes of action resulting from the Department's intentional or grossly negligent acts or omissions, or the Department's willful violation of the terms of this agreement.

SIGNATORS

23. The signatories below hereby represent that they are authorized to and do enter into this contract on behalf of their respective parties.

**THE SOUTH CAROLINA DEPARTMENT OF HEALTH
AND
ENVIRONMENTAL CONTROL**

BY: _____
Daphne G. Neel, Chief
Bureau of Land and Waste Management

DATE: _____

Approved by Office of General Counsel

DATE: _____

COTTON MILL VILLAGE I, LP

BY:  _____
T. Kevin Connelly, Managing
Member For: Cotton Mill Village, LLC
General Partner
For: Cotton Mill Village I, LP

DATE: 12-17-09

APPENDIX A

COTTON MILL VILLAGE I, LP

INFORMATION AND CERTIFICATION

To enter into a Voluntary Cleanup Contract with South Carolina Department of Health and Environmental Control, Cotton Mill Village I, LP as a Non-Responsible Party are submitting the following:

1. The old Rock Hill Body Company has been rezoned from Heavy Industrial to Planned Development Residential zoning. The main Rock Hill Body Company building will be redeveloped into 21 one and two bedroom apartment units for rent. The two existing auxiliary buildings in the rear will be torn down and replaced with 18 three bedroom detached rental units. The development has received an award of 4% and 9% Federal Low-Income Housing Tax Credits as well as HOME program HUD funds. We have also applied for Federal and State Historic Tax Credits. We may also receive State Textile Mill Tax Credits or an Affordable Housing program grant from the Federal Home Loan Bank.

2. Survey attached.

3. Purchaser: Cotton Mill Village I, LP
5530 Bush River Road
Columbia, SC 29212

Contact Person: David Christmas
803-309-1152

RECEIVED

AUG 14 2009

SITE ASSESSMENT,
REMEDICATION &
REVITALIZATION

4. I certify that Cotton Mill Village, LP nor any parents, managers, controlling shareholders, officers and members are a responsible party as defined under CERCLA 107(a) and S.C. Code Ann. 44-56-720(8) at the Site, nor is it a parent, successor or subsidiary of a responsible party at the Site.

Current Owner of Site: Daddy Rabbit, LLC
C/o James C. Hardin III
P.O. Box 190
Rock Hill, SC 29731
803-329-7601

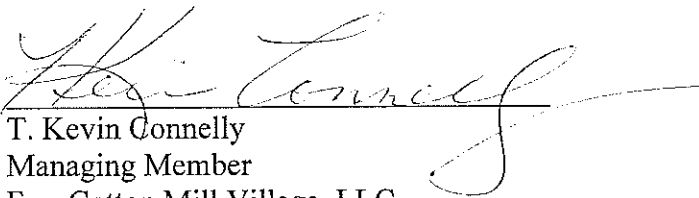
5. T. Kevin Connelly is the Managing Member of Cotton Mill Village, LLC, which is the General Partner for Cotton Mill Village I, LP. I certify that Cotton Mill Village I, LP is a Bona Fide Prospective Purchaser for the property.

6. A Phase I Environmental Assessment attached.

7. The new property development, with exercise of due care, will not aggravate or contribute to the existing contamination or interfere with any future response action, nor will it pose health risks to either the community or those persons likely to be present at or near the Site.

8. I certify that Cotton Mill Village I, LP is financially viable to meet the obligations of the contract.

9. I certify that the purchase and response action will give to the State and the community by substantially reducing the risk posed by the Site while providing affordable rental housing to the residents of the City of Rock Hill.

A handwritten signature in cursive script, appearing to read "T. Kevin Connelly", is written over a horizontal line.

T. Kevin Connelly
Managing Member
For: Cotton Mill Village, LLC
General Partner
For: Cotton Mill Village I, LP

Rock Hill Body Company
Rock Hill, South Carolina

GS2 Project Number 08-3090-EP
February 20, 2009

**Report of Phase I Environmental Site
Assessment**

Prepared for:

Connelly Development, LLC
5530 Bush River Road
Columbia, SC 29212

RECEIVED

AUG 14 2009

SITE ASSESSMENT,
REMEDICATION &
REVITALIZATION

Cotton Mill Village

Rock Hill, South Carolina

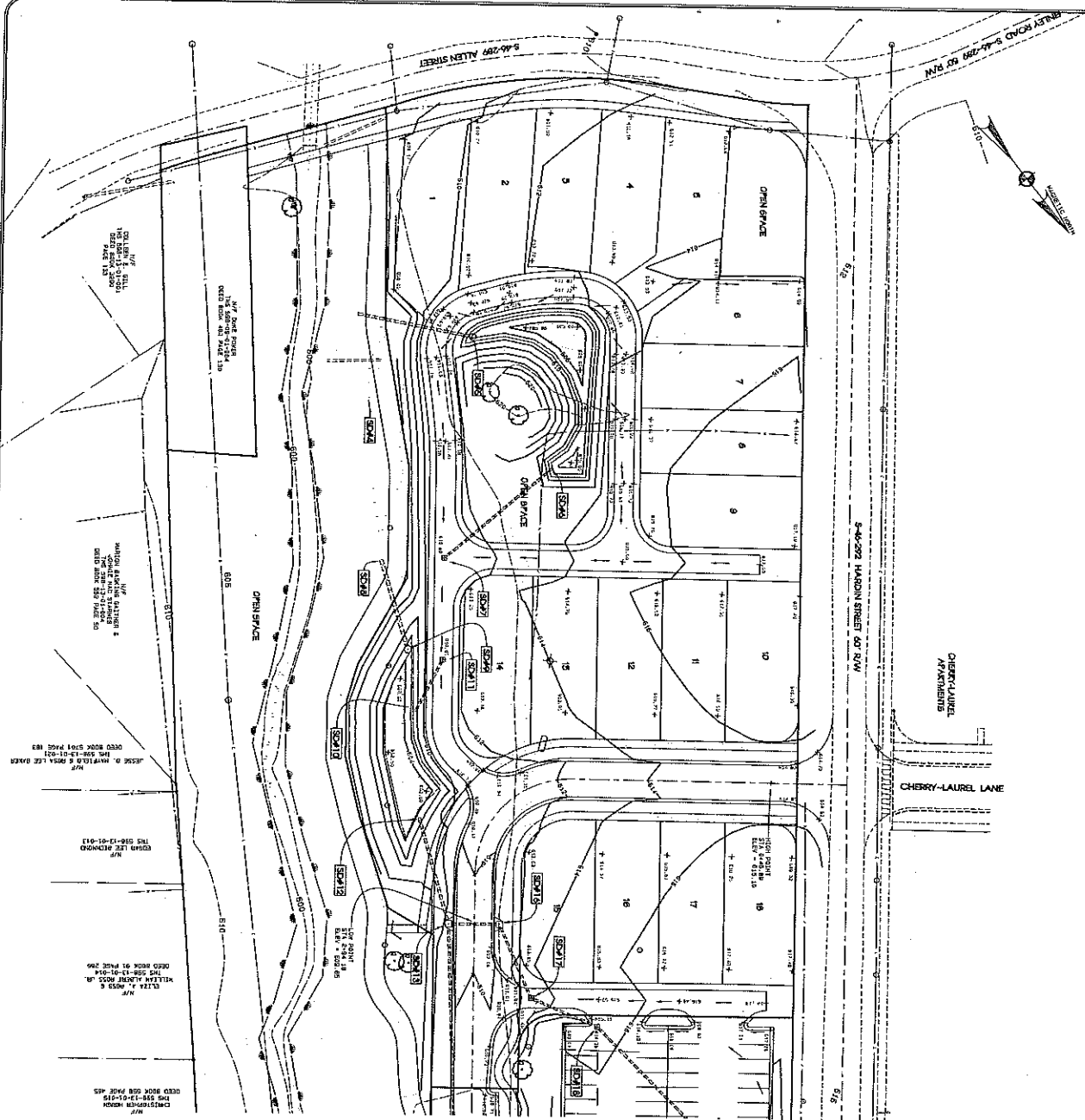
GS2 Project Number 08-3208-EP

December 9, 2009

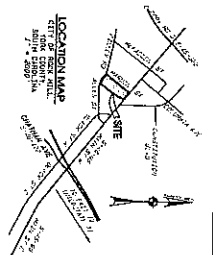
Report of Phase I Environmental Site Assessment

Prepared for:

Cotton Mill Village I, LP
5530 Bush River Road
Columbia, SC 29212



PLANNED DEVELOPMENT
Cotton Mill Village
 ROCK HILL, SOUTH CAROLINA
 SCALE: 1" = 30'



SCALE	1" = 30'
DATE	AUG 17, 2008
DRAWN	FLOWERS
DESIGNED	FLOWERS
DRAWING NUMBER	6 OF 15

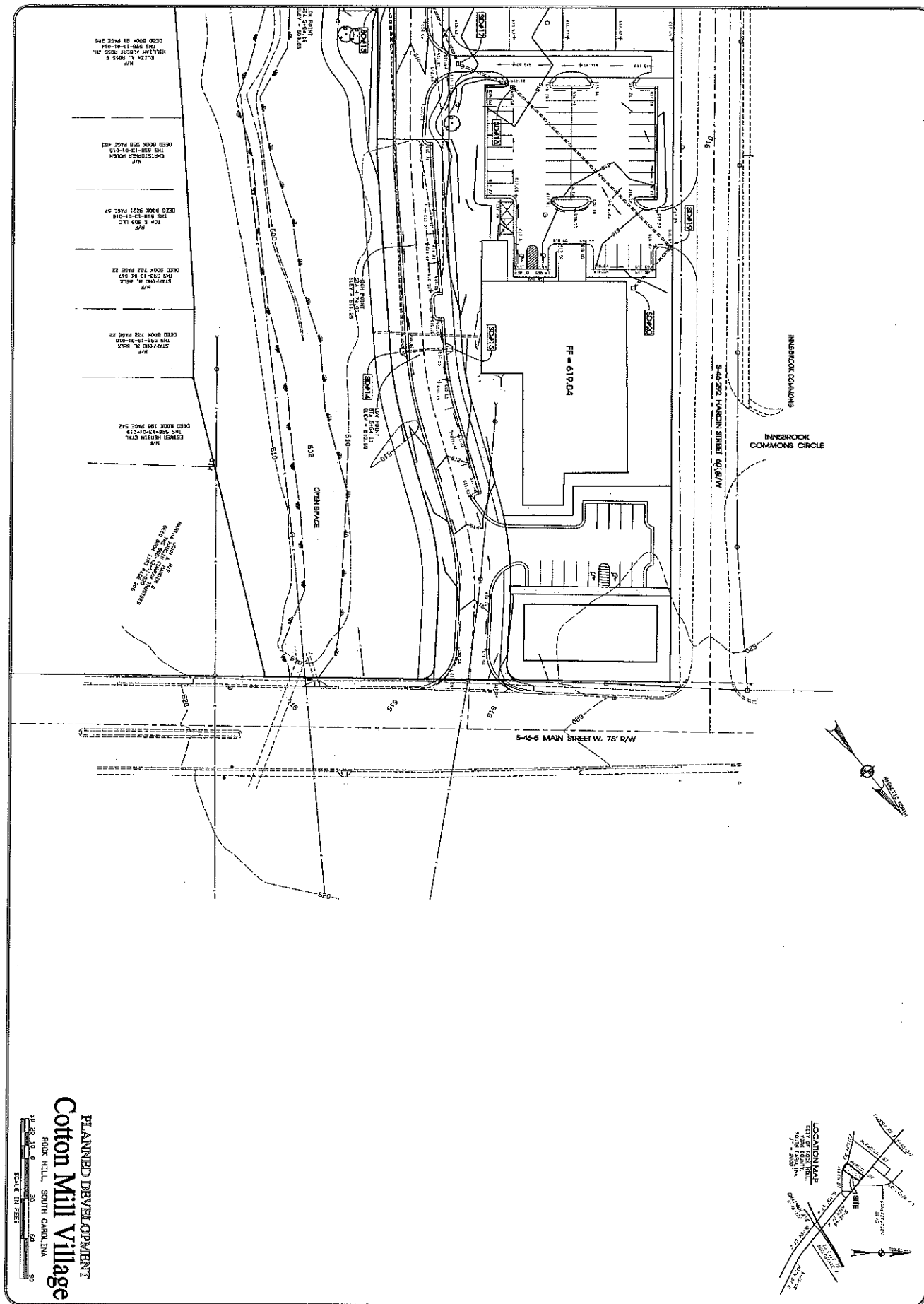
GRADING & DRAINAGE PLAN	
PREPARED FOR CONNELLY DEVELOPMENT, LLC COLUMBIA, SOUTH CAROLINA	
DESIGNED BY	JOHNABER
DRAWN BY	06008



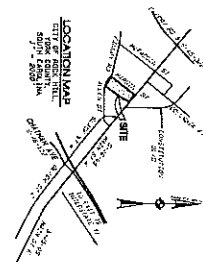
CIVIL ENGINEERING of COLUMBIA
 CONSULTING ENGINEERING, SURVEYING AND PLANNING
 3008 FERNANDINA ROAD, COLUMBIA, SOUTH CAROLINA 29910
 TELEPHONE (803) 796-2820 FAX (803) 796-2826

ANY CERTIFICATIONS, WARRANTIES, OR GUARANTEES
 GIVEN BY THE ENGINEER OR SURVEYOR OF RECORD
 FOR THIS PROJECT ARE REDUCED TO EXTENT THAT
 THE PROJECT OR THIS DRAWING WAS PREPARED
 FOR A SPECIFIC CLIENT FOR A SPECIFIC PURPOSE.
 THE PROJECT OR THIS DRAWING WAS PREPARED
 FOR A SPECIFIC CLIENT FOR A SPECIFIC PURPOSE.
 THE PROJECT OR THIS DRAWING WAS PREPARED
 FOR A SPECIFIC CLIENT FOR A SPECIFIC PURPOSE.

REVISION	
NO.	DESCRIPTION



PLANNED DEVELOPMENT
Cotton Mill Village
 ROCK HILL, SOUTH CAROLINA



SCALE 1" = 30' DATE AUG 17, 2009 DRAWN FLOWERS DESIGNED FLOWERS DRAWING NUMBER 7 OF 15		GRADING & DRAINAGE PLAN PREPARED FOR CONNELLY DEVELOPMENT, LLC COLUMBIA, SOUTH CAROLINA CHECKED BY: 09008 JOB NUMBER 09008				CIVIL ENGINEERING of COLUMBIA CONSULTING ENGINEERING, SURVEYING AND PLANNING 5808 PERMANENTIA ROAD, COLUMBIA, SOUTH CAROLINA 29210 TELEPHONE (803) 790-2000 FAX (803) 790-2005 ANY CERTIFICATIONS, WARRANTIES, OR GUARANTEES GIVEN BY THE ENGINEER OR SURVEYOR OF RECORD FOR THIS PROJECT ARE LIMITED TO EXPRESS THAT STANDARD AND NECESSARY CARE WAS USED IN PREPARATION OF THESE DOCUMENTS. THE PROJECT ON THIS SHEET WAS PREPARED FOR A SPECIFIC CLIENT FOR A SPECIFIC PURPOSE. USE BY ANY OTHER PERSON, WITHOUT WRITTEN PERMISSION FROM THE ENGINEER, IS EXPRESSLY PROHIBITED.				REVISION NO. DATE DESCRIPTION BY	
--	--	--	--	--	--	--	--	--	--	-------------------------------------	--

COTTON MILL VILLAGE I, LP

**5530 Bush River Road
Columbia, South Carolina 29212
803-798-0572**

December 18, 2009

Jo Cherie Overcash
SCDHEC
2600 Bull Street
Columbia, South Carolina 29201

Re: VCC 09-5606-NRP
Cotton Mill Village I, LP
Rock Hill Body Shop Site
York County, South Carolina

Dear Ms. Overcash:

Cotton Mill Village I, LP is a South Carolina Limited Partnership, which was formed for the sole purpose of developing Cotton Mill Village a 39 unit low-income rental property. The General Partner for Cotton Mill Village I, LP is Cotton Mill Village, LLC of which T. Kevin Connelly is the sole managing member. Cotton Mill Village I, LP has a contract to purchase the site but has no assets or liabilities except the award of low-income housing tax credits and HUD HOME Program funds. Copies of those awards are attached.

Sincerely,



T. Kevin Connelly, Managing Member
For: Cotton Mill Village, LLC, General Partner
For: Cotton Mill Village I, LP

South Carolina State Housing Finance and Development Authority
2009 Low-Income Housing Tax Credit
Reservation Certificate

The South Carolina State Housing Finance and Development Authority hereby grants a reservation of housing tax credit dollars in the amount of \$750,000.00 (New Construction \$392,266.44 and Acquisition \$7,236.00 and Rehabilitation \$350,497.56) from the State Housing Tax Credit Ceiling to Cotton Mill Village I, LP, for Cotton Mill Village, a residential rental housing development located in York County, South Carolina 29730.

This reservation is based on the following:

- | | |
|---|--|
| a. Credit Type: | New Construction/Acquisition/Rehabilitation without
Federal Subsidy |
| b. Anticipated Eligible Basis: | \$6,573,510.68
New Construction \$3,357,510.68
Acquisition \$216,000.00
Rehabilitation \$3,000,000.00 |
| c. Anticipated Applicable Fraction: | 100.00% |
| d. Anticipated Qualified Basis: | \$8,480,763.88
New Construction \$4,364,763.88
Acquisition \$216,000.00
Rehabilitation \$3,900,000.00 |
| e. Anticipated Place-in-Service Date: | April 1, 2011 |
| f. Anticipated Taxable Year in which the credit is first claimed: | 2011 |

This reservation is made upon the following terms and conditions:

1. In its Application, the owner elected special targeting for the development. The owner conditions this reservation upon the development meeting the targeting election(s) selected. Compliance with the targeting requirement(s) will be a condition of any Carryover Allocation issued pursuant to this reservation. The owner's targeting election(s) will be reflected in the Restrictive Covenants imposed upon the Development.
2. The owner must file Progress Reports beginning April 7, 2010, and every quarter thereafter until the development reaches a stabilized occupancy of at least 93%; and
3. For any year, all developments seeking a Placed-in-Service Allocation must submit an application for an allocation of tax credits on or before the second Monday in December; and
4. Developments having a reservation of tax credits which will be Placed-in-Service after December 31, of the year in which the reservation was issued must submit an application for a Carryover Allocation of tax credits to the Authority **no later than 5:00 p.m. (ET) on August 12, 2009**; and
5. Development owner agrees that any portion of the Carryover Allocation which is unnecessary for the financial feasibility of the development as determined by the Authority's final underwriting will be returned to the Authority on a mutually agreed upon date in the manner prescribed by the Authority; and
6. The 10% Expenditure Test must be met by February 12, 2010. 2009 Verifications of 10% Expenditure Applications and all other required documentation listed below will be due no later than 5:00 p.m. (EST) March 5, 2010. The Verification of 10% Expenditure Application must be complete and correct as of the date on which it is submitted. The submission of a Verification of

10% Expenditure Application that is either incomplete or inaccurate will result in the loss of the Carryover Allocation. Failure to submit the Verification of 10% Expenditure Application in a timely manner will result in the loss of the Carryover Allocation. The following must be submitted with the Verification of 10% Expenditure Application:

- a. **Exhibit H**; and
- b. **Exhibit I** (note: all CPA certifications must be rendered by a CPA subject to regulation by South Carolina Board of Accountancy); and
- c. Verification of 10% Expenditure attorney opinion letter (**Exhibit F**); and
- d. The Applicant must provide a detailed justification (including all supportive documentation) as to the cause and reasonableness of any line items that vary by more than ten percent (**10%**) from the amounts represented between the reservation and the verification of 10% expenditure stages; and
- e. All supporting documentation required by the application checklist (**Exhibit A Verification of 10% Expenditure, and/or the final QAP**).

Costs incurred in meeting the 10% Expenditure Test must be certified by an independent (unrelated third party) certified public accountant no later than the date upon which the Carryover Allocation document requires the Verification of 10% Expenditure Application to be delivered to the Authority.

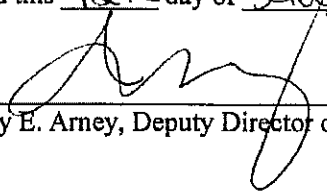
The 10% Expenditure Test must be met no later than six (6) months after the date of the Carryover Allocation document. NO EXTENSION OF THIS DATE WILL BE GIVEN; and

7. Development owner agrees that any unused portion of a final allocation of tax credits (issuance of 8609 Forms) will be returned to the Authority in accordance with U.S. Treasury Regulation in the manner and on the date prescribed by the Authority; and
8. Issuance of additional or final regulations by the Internal Revenue Service for the Low-Income Housing Tax Credit Program may change the amounts and terms of the Reservation Certificate, or may cause the Reservation Certificate to be revoked in order to comply with such regulations; and
9. Failure to meet any of the above conditions will render the Reservation Certificate null and void.


The conditions set forth will be strictly enforced. Any untimely submission of documentation referenced in this Certificate will result in the fines being levied or the cancellation of this Certificate, as defined in the final 2009 QAP.

Issuance of this Reservation does not guarantee that if the Development becomes the recipient of an allocation of Low-Income Housing Tax Credit that such credit will be in the amount stated in this Reservation Certificate. All allocations will be based upon the determination by the Authority of the least amount of credit, which will render the Development financial feasible. Should it be determined that the development is financially feasible without an allocation of the Credit, then no Low-Income Housing Tax Credit Dollars will be allocated to the Development and this Reservation Certificate will be null, void and of no force of effect.

Executed this 12th day of August, 2009

By: 
Larry E. Arney, Deputy Director of Programs

Accepted this 12th day of August, 2009

By: 
For: Cotton Mill Village LLC
By: Cotton Mill Village LLC
Its: Genevieve Patten



South Carolina State Housing Finance and Development Authority
300-C Outlet Pointe Blvd., Columbia, South Carolina 29210
Telephone: (803) 896-9001 TTY: (803) 896-8831
www.schousing.com

T. Scott Smith
Chairman

Valarie M. Williams
Executive Director

July 28, 2009

Mr. David Christmas
Cotton Mill Village I, LP
5530 Bush River Rd
Columbia, SC 29212

RE: 2009 HOME Award

Dear Mr. Christmas:

The South Carolina State Housing Finance and Development Authority (Authority) hereby awards an initial reservation (The "Reservation") of HOME Investment Partnerships Program (HOME program) funds in an amount not to exceed \$900,000 for the following project.

Project Name: Cotton Mill Village
Project Type: Single Family Rental
Activity Type: Acquisition/New Construction
HOME Units: 13 (7/1 bedroom; 1/2 bedroom; 5/3 bedrooms) – Floating Designation

This Reservation must be used to promote housing opportunities for low-income persons as set forth in your application and is contingent upon your acceptance of the following conditions and timely receipt of the requested documentation listed below.

Conditions:

- a. Any changes to the program or project must be submitted in writing and approved by the Authority.
- b. The terms of the HOME award will be a \$900,000, deferred loan amortized on a thirty (30) year schedule at a one half percent (1/2%) interest rate with the balance due at the end of a thirty (30) year term to be used towards New Construction for thirteen (13) HOME assisted units.
- c. In accordance with 24 CFR Part 58 recipients, owners, developers, sponsors or any third party partners can not take any physical actions on a site, start construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and the Authority has received the "Authority to Use Grant Funds". Any violation of the statutory regulation will result in the automatic termination of the HOME reservation.
- d. The participant acknowledges they are subject to all regulations and requirements as legislated in the Final Rule of the HOME Investment Partnerships Program, 24 CFR Part 92.
- e. Upon successful completion of the environmental requirements, it will be required that you or your designee, attend a mandatory implementation meeting here at the Authority. Staff will contact you

regarding the date and time for the meeting. This meeting will serve to acclimate your organization with program regulations, progress requirements and special conditions related to your HOME reservation.

- f. Participant acknowledges time constraints in which to obtain and provide Authority with all required documentation. **Participants requesting extensions will incur a \$500 award reduction for EACH thirty (30) day extension the documentation is delayed past the original due date**

Compliance with HUD imposed timeframes for the commitment and expenditure of HOME funds will be critical for the successful implementation and completion of your project. The Authority will impose deadlines for specific benchmarks relating to the progress of your project. In order for your application to remain under consideration to receive HOME funds, the following documentation must be provided to the Authority within the required deadlines provided below. Failure to submit any one or more of the items listed below by the deadline may cause the Reservation to be terminated, except when the participant obtains an approved extension from Authority.

Required Documentation:

Provide By 5:00 p.m.

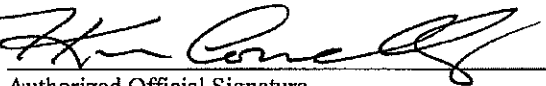
Friday, August 14, 2009:

- a. A completed W-9 form (Attachment H)
- b. A completed Activity Set-Up form (Attachment J)
- c. A completed certification of Election to draw funds

Please be advised that this reservation does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may only occur upon the completion and approval of the environmental review from this office. The environmental review for this project is near completion. You will be notified when your environmental review is complete.

Acceptance of this reservation acknowledges the time constraints required to obtain and submit the above listed documentation. If you are in agreement with all the terms and conditions described, sign and date below, retain a copy for your records and return the original to the Authority not later than **Friday, August 14, 2009**.

I have read and understand all of the terms and conditions described above and accept the HOME funding reservation.



Authorized Official Signature

For: Cotton Mill Village I LP
For: Cotton Mill Village LLC
Its General Partner

Print Name and Title of Authorized Official

T. Kevin Connelly

We welcome the opportunity to work with you on increasing affordable housing in South Carolina. If you have any questions or require additional information regarding your reservation, I can be reached at (803) 896-9343.

Sincerely,



Nancy Fairley
Director, HOME Program

Enclosures

Form **W-9**
(Rev. March 1994)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give form to the
requester. DO NOT
send to the IRS.

P
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Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions on page 2 if your name has changed.)

COTTON MILL VILLAGE I, LP

Business name (Sole proprietors see instructions on page 2).

Please check appropriate box:

☐ Individual/Sole proprietor

☐ Corporation

☒ Partnership

☐ other >

Address (number, street, and apt. or suite no.)

5530 BUSH RIVER ROAD

City, state, and ZIP code

COLUMBIA, SC 29212

Requester's name and address (optional)

SC State Housing Finance and Development Authority
919 Bluff Road
Columbia, SC 29201

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer

Social security number

61115909712

identification number (EIN). If you do not have a number, see **How To Get a TIN** below.

or

Employer identification number

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

**Part II For Payees Exempt From
Backup
Withholding (See Part II
instructions on page 2)**

**Part
III Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions. -- You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see Part III instructions on page 2)

Sign

Here

Signature

[Signature] for: Cotton Mill Village I, LP

Date >

8/12/09

Section references are to the Internal Revenue Code.

Purpose of Form. -- A person who is required to file an information return with the IRS must get your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 to give your correct TIN to the requester (the person requesting your TIN and, when applicable, (1) to certify the TIN you are giving is correct (or you are waiting for a number to be issued), (2) to certify you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Giving your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What Is Backup Withholding? -- Persons making certain payments to you must withhold

and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. The IRS tells the requester that you furnished an incorrect TIN, or
3. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1993 only), or

5. You do not certify your TIN. See the Part III instructions for exceptions.

Certain payees and payments are exempt from backup withholding and information reporting. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

How to Get a TIN. -- If you do not have a TIN, apply for one immediately. To apply, get **Form SS-5**, Application for a Social Security Number Card (for individuals), from your local office of the Social Security Administration, or **Form SS-4**, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

If you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will have 60 days to get a TIN and give it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN.

HOME Rental Activity Set Up Form
SC State Housing Finance & Development Authority

Attachment J

(Authority Use Only)

HUD Activity Number: _____

Date Completed: _____

CPS #: _____

Year: _____

UOG Code: _____

HOME Program (SC State
Form revised 07/04)

SECTION A: General Information

Name of Participant: COTTON MILL VILLAGE, LP Name of Person Completing Form: T. KEVIN CONNELLY

Participant Number: _____

Telephone Number: (803) 798-0572

Participant Address: 5530 BUSH RIVER ROAD

County Project Is Located In: YORK

City, State Zip: COLUMBIA, SC 29212

Federal Tax ID #: 611590972

Activity carried out by a faith-based organization? ☐ Yes ☒ No

Check the Appropriate Box:

☒ Original Submission ☐ Change Owner's Address

☐ Ownership Transfer ☐ Revision

(Authority Use Only)

County Code: _____

Section B: CHDO Information (if applicable)

CHDO Acting As: (1.) ☐ Owner (2.) ☐ Sponsor (3.) ☐ Developer

Is This a CHDO Loan? ☐ Yes ☐ No

Section C: Activity Information

Activity Type (check one)

(1.) ☐ Rehabilitation Only

(3.) ☐ Acquisition Only

(5.) ☒ Acquisition & New Construction

(2.) ☐ New Construction Only

(4.) ☐ Acquisition & Rehabilitation

Property Street Address: 601 WEST MAIN ST.

Estimated HOME Cost: \$ 900,000

City, State, Zip: ROCK HILL, SC 29730

Estimated HOME Units: 13

Loan Guarantee: ☐ Yes ☒ No

Number of units that meet Energy Star Requirements: 0

Number of Section 504 units: 0

Number of units designated for persons with HIV/AIDS: 0 Of those, how many are chronically homeless: 0

Number of units designated for the homeless: 0 Of those, how many are chronically homeless: 0

Section D: Developer Information (Only applicable if this is a multi-address activity)

Developer Type (check one):

☐ (1.) Individual

☐ (3.) Corporation

☐ (5.) Publicly Owned

☒ (2.) Partnership

☐ (4.) Not-for-Profit

☐ (6.) Other

Developer's Name: CONNELLY DEVELOPMENT, LLC

Address: 5530 BUSH RIVER ROAD

City, State, Zip: COLUMBIA, SC 29212

**HOME Program
Election for Drawing HOME Funds**

HOME Program (SC State
Form revised 04/05)

- ☒ I make the election to draw **HOME** funds at the completion of the project. This will take place once the Authority has received the Certificate of Occupancy and the Loan has been signed and recorded.
- ☐ I make the election to provide a Payment and Performance Bond or a Direct Pay Irrevocable Letter of Credit (for contracts exceeding \$100,000) prior to the start of construction for the purposes of drawing **HOME** funds during construction.
- ☐ Not applicable, total construction contract will not exceed \$100,000.

I hereby certify and understand the commitment of the election I have made on behalf of

COTTON MILL VILLAGE I, LP

Signed:

[Signature]

Authorized Official:

For: Cotton Mill Village I LP
By: Cotton Mill Village LLC
its General Partner

(Please print or type)

T. Kevin Connelly

Address:

5530 Bush River Rd

City/State/Zip:

Columbia, SC, 29212-3007

Telephone:

(803) 798-0572

Notarized:

[Signature]

MY COMMISSION EXPIRES 1-25-2018

COTTON MILL VILLAGE 1 LP
BALANCE SHEET

ASSETS

CASH 0

TOTAL ASSETS 0

LIABILITIES & EQUITY

TOTAL LIABILITIES 0

TOTAL EQUITY 0

TOTAL LIABILITIES & EQUITY 0